



Muthoot Microfin : Enabling women to become financially independent through microfinance loans

Chhattisgarh, 17th November 2022: Microfinance is important for the socio-economic development of the nation as it provides resources and capital to marginalized groups and those in the informal economy. Without aid from microfinance institutions, these groups are exposed to moneylenders with exorbitant interest rates. Microfinance institutes not only help in increasing their household income but also educate them about businesses and help them elevate their financial conditions.

Muthoot Microfin is one such organization working towards the financial inclusion of low-income people/groups and giving them the means to raise their living standards. The organization has been helping women in rural India in getting collateral-free loans to start/expand their businesses.

One such inspiring story is of Purnima Bareth, a micro-entrepreneur residing in Birkona village in Bilaspur, Chhattisgarh. She had a small tailoring business for the last 5 years and was looked upon for tailoring and embroidery in her village. For all these years, she had one sewing machine and was unable to take bulk orders at one time due to lack of resources even though her client base was good. Purnima approached a lot of local moneylenders for capital but got rejected as she did not have any collateral security.

She came to know about Muthoot Microfin and was approached by a Relationship Officer as part of a street survey in her neighborhood. She was thrilled to know about the simple collateral-free loan procedures and immediately joined a Joint Liability Group (JLG) to avail her first cycle loan of Rs 30,000.

Purnima utilized the entire amount to add another sewing machine with embroidery facilities and bought sufficient raw materials. Additionally, she hired a lady to support her. In no time her business flourished, and she started making dresses exclusively for ladies and kids. She was well known in her village for her fashionable but less expensive stitching. After a couple of months, her daily profit from the business rose to Rs 900. Also, she was able to expand the business by adding readymade kids' wear after receiving orders from a nearby textile store.

Buoyed by the success of her tailoring business, she has set out on a goal of further growing her venture to ensure that she and her family can aspire to have a good life. **Talking about her future business plans, Purnima added,** *"I would like to take more loans from them to further expand my business and buy new sewing and embroidery machines. I credit all my success to Muthoot Microfin for not just the loans but for the guidance and business acumen training provided by the organization. I am immensely grateful to Muthoot Microfin for helping me and having faith in me."*

Microfinance has emerged as one of the most important tools in promoting financial inclusivity making credit available at the last mile. It acts as a safety net for marginalized groups that do not get access to traditional banking benefits. It enables low-income households to come out of poverty, empowers women to become financially independent, and elevates their livelihood.

Background Note:



Muthoot Microfin: Muthoot Microfin Limited (MML) is the microfinance arm of Muthoot Pappachan Group (MPG). MML is one of the leading and fast-growing microfinance institutions (NBFC-MFI) in India. The company is focused on providing micro-loans to women entrepreneurs with a focus on rural regions of India. The company has adopted joint liability group model of microfinance, which caters exclusively to women in lower income households.

Microfinance Industry: The Indian microfinance sector has come a long way. As per industry data, Microfinance loan portfolio stands at INR 2,93,154 Crores as on June 30, 2022, serving 6 crore unique borrowers with 11.8 crore loan accounts. The sector comprises RBI-regulated microcredit providers including NBFC-MFIs, Banks, Small Finance Banks, Business Correspondents, and others.

MFIN (Microfinance Institutions Network): MFIN is a premier industry association comprising 56 NBFC-MFIs and 44 Associates including Banks, Small Finance Banks (SFBs) and NBFCs. By virtue of bringing all microfinance entities under one common umbrella, MFIN acts as a bridge between them and the regulators to build a dialogue for greater transparency, better policy frameworks and stronger client protection standards for responsible lending, thus enabling the microfinance industry to partake in meeting the larger financial inclusion goals.